

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EA-10 ISO-00 IO-13 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 /125 W
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INFO AMEMBASSY TOKYO
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C O N F I D E N T I A L HAVANA 0459

EO 11652: GDS
TAGS: ETRD EFIN EEWT CU JA
SUBJ: JAPANESE GRANT CREDIT TO CUBA

1. GRANMA, FEBRUARY 16, ANNOUNCED THAT GROUP OF TWENTY FOUR JAPANESE BANKS, INCLUDING INDUSTRIAL BANK OF JAPAN, HAS GRANTED CUBA CREDIT OF 41 MILLION, 600 THOUSAND DOLLARS. JAPANESE EMBASSY (SHIBATA) SAYS THAT CREDIT WAS SYNDICATED BY SAME GROUP OF BANKS THAT PROVIDED 18 MILLION DOLLAR LOAN TO CUBA IN 1976. SHIBATA SAID THAT TERMS OF FORMER LOAN (WHICH HE FELT WERE LIKELY TO APPLY TO CURRENT LOAN) ARE FOUR YEARS GRACE PERIOD, SEVEN YEARS REPAYMENT PERIOD, INTEREST AT PRIME RATE PLUS 0.7 PERCENT (COMBINED RATE FOR 1976 LOAN IS 9.9 PERCENT). FYI GRANMA INDICATES THAT NEW LOAN HAS SEVEN YEARS REPAYMENT PERIOD. END FYI.

2. SHIBATA SAID THAT OLD AND NEW CREDITS WERE BOTH "UNTIED" - THAT IS, NOT LINKED TO PURCHASE OF ANY PARTICULAR JAPANESE EQUIPMENT. SHIBATA ADDED THAT, WHILE JAPANESE GOVERNMENT IS "PREOCCUPIED" WITH ETHIOPIA SITUATION, IT HAS NO INFLUENCE OVER COMMERCIAL CREDITS OF TYPE ANNOUNCED FEBRUARY 16.
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3. WITH REGARD TO STATE CREDITS, SHIBATA SAID THAT JAPANESE EX-IM BANK GRANTED LAST CREDIT TO CUBA IN MAY-JUNE 1976. TOTAL CREDITS EXTENDED BETWEEN BEGINNING OF OPERATIONS WITH CUBA IN 1974 AND ABOVE DATE WERE 400 TO 450 MILLION DOLLARS. BASED ON ACTUAL CONTRACTS WRITTEN, AMOUNTS DRAWN DOWN TOTAL 350 TO 400 MILLION DOLLARS. REPAYMENT PERIODS FOR INDIVIDUAL

CONTRACTS VARIED BETWEEN THREE TO FIVE YEARS AT INTEREST RATE OF ABOUT 7.5 PERCENT. CUBANS HAVE BEEN PAYING REGULARLY, BUT CURRENT DEBT SERVICE SCHEDULE NOT AVAILABLE HERE.

4. SHIBATA ADDED THAT STATISTICS FOR JANUARY TO NOVEMBER, 1977 CUBAN-JAPANESE TRADE WERE JAPANESE EXPORTS 316 MILLION DOLLARS AND JAPANESE IMPORTS 55.8 MILLION DOLLARS. ONLY TWENTY PERCENT OF JAPANESE EXPORTS DURING PERIOD REPRESENTED NEW CONTRACTS (I.E. REMAINING EIGHTY PERCENT CONSISTED OF 1976 CONTRACTS WHOSE DELIVERY WAS DELAYED TO 1977 DUE TO CUBAN 1976 HARD CURRENCY SQUEEZE.)

5. CUBAN TRADE OFFICIALS HAVE TOLD JAPANESE THAT THERE IS POSSIBILITY FOR 200 MILLION DOLLARS PURCHASES FROM JAPAN IN 1978, BUT THAT THEY WANT BALANCED TRADE. JAPANESE EMBASSY, CALCULATING CUBAN INCOME FROM ANTICIPATED EXPORTS TO JAPAN OF SUGAR, COFFEE, SEAFOOD, TOBACCO AND ADDING SUM OF NEW CREDIT, ONLY REACH SUM OF 115 MILLION DOLLARS FOR POSSIBLE IMPORTS FROM JAPAN, IF CUBANS INSIST ON BALANCED TRADE.

6. WITH REGARD TO SUGAR, SHIBATA POINTED OUT THAT, DURING NOVEMBER JAPANESE-CUBAN TRADE MEETINGS IN HAVANA, CUBANS ASKED JAPANESE TO DOUBLE THEIR ANNUAL 300 THOUSAND TON PURCHASE COMMITMENT (FOR 1978, 1979 AND 1980). CUBANS THEN SUGGESTED JAPANESE INCREASE OF 140 THOUSAND TONS ANNUALLY, SHIBATA SAID LATEST CALCULATIONS SUGGEST THAT JAPANESE IMPORTERS MIGHT CONFIDENTIAL

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TAKE 50 THOUSAND ADDITIONAL TONS (ABOVE AGREED FIGURE) FROM CUBANS THIS YEAR.

7. COMMENT: CUBANS WILL UNDOUBTEDLY DRAW ENCOURAGEMENT FROM JAPANESE COMMERCIAL LOAN AT TIME WHEN SOME WESTERN EUROPEAN NATIONS MAY BE CONSIDERING WITHHOLDING STATE AID PACKAGES FROM CUBA.

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